



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Memorandum

Subject: INFORMATION: Clarification and Additional
Guidance Pertaining to DOT Order 4600.17A,
Financial Assistance Management Requirements

Date: SEP 20 2006

From: Linda J. Washington *Linda J. Washington* Reply to
Acting Assistant Secretary for Administration Attn. of:

To: Departmental Officers

The purpose of this memorandum is to reinforce existing requirements under the U.S. Department of Transportation (DOT) Order 4600.17A, Supplemental Financial Assistance Management Requirements, to ensure proper procedures are implemented within the Office of the Secretary (OST) for administering financial assistance programs. In addition, this memorandum provides supplemental guidance to OST for establishing uniform procedures and improving practices relevant to: (1) selection and use of appropriate award instruments; (2) justifying sole source selections; and, (3) executing financial assistance awards (including Other Transactions). The supplemental financial assistance agreement policy guidance attached with this memorandum is effective immediately. The Office of the Senior Procurement Executive (M-60) is preparing broader policy guidance for the use of financial assistance agreements.

If you have questions or need additional guidance concerning this Order or any other Governmentwide or Office of Management and Budget financial assistance agreement directives, please contact Ellen Shields at (202) 366-4268 in M-60.

Attachment

**DOT ORDER 4600.17A, SUPPLEMENTAL FINANCIAL ASSISTANCE
MANAGEMENT REQUIREMENTS APPLICABLE TO
DEPARTMENTAL OFFICES**

Use and Selection of Appropriate Award Instruments

In selecting the proper award instrument for a particular transaction, three factors must be considered: the legislative authority, the principal purpose of the transaction, and the degree of Federal involvement. The legislative authority determines the types of instruments that may be used. This authority may be found in the program legislation or an appropriation statute. The recipient, relationship, and effort proposed for award must be consistent with this legislative authority. The principal purpose of the transaction determines which award instrument is appropriate. The degree of Federal involvement in the proposed transaction determines which type of assistance agreement is appropriate--a grant or a cooperative agreement. A grant is appropriate when the Federal agency does not intend to be substantially involved in the project. A cooperative agreement is appropriate when the Federal agency intends to be substantially involved in the funded activities. 31 U.S.C. § 6301 et seq.

Other Transactions are financial assistance instruments specifically authorized by statutes that are not contracts, grants or cooperative agreements. Other Transactions are designed to allow Government and educational entities, non-profit organizations and private industry to freely transfer funds, materials and technical assistance among themselves for the mutual benefit of all participants.

- In reference to use and selection of appropriate award instruments under DOT Order 4600.17A, Appendix A, Section 2 and 3, all files must contain documentation that supports and justifies decisions and tracks actions conducted for each award. This includes written rationale to justify the type of instrument selected.
- The Office of the Senior Procurement Executive (OSPE) Contracting Officer in coordination with the Office of General Counsel (OGC) is ultimately responsible for final determination of the proper award instrument. The OSPE Contracting Officer should consult with the OGC when it is unclear which instrument might apply.
- Departmental program offices are encouraged to coordinate advance determinations with the OSPE Contracting Officer and the OGC so as to avoid expending efforts inappropriately.

Sole Source Selection

DOT's goal is to ensure competition in the award of financial assistance actions to the maximum extent practicable.

- When it has been determined that a sole source award is appropriate, the departmental program office initiating the action shall prepare a sole source justification in accordance with DOT Order 4600.17A, Federal Acquisition Regulation subpart 6.304, and the Transportation Acquisition Manual subpart 1206.304 fully explaining why competition is not practicable.
- Sole source justifications shall be fully coordinated with the OSPE Contracting Officer and the OGC. All documentation to support the sole source selection must be included and maintained with the appropriate financial assistance agreement file.

Review and Execution of Financial Assistance Agreements

- All financial assistance agreements must be coordinated through and executed by the OSPE Contracting Officer (unless specific authority exists to do otherwise).
- All financial assistance agreements above \$100,000 must be routed through the OGC for final concurrence before making an award.
- The departmental program official must have been delegated the authority to commit funds on behalf of their activity.
- Each financial assistance agreement must be monitored by the secretarial program office to include fully documented financial assistance agreement files to support the financial assistance agreement review and execution process.
- Each program official should be knowledgeable and fully understand the specific financial assistance program requirements and responsibilities for proper financial assistance monitoring and administration.